

How Business and Technology Leaders Can Spearhead Recovery and Define the Post-crisis Economy

Five strategies future-facing leaders can embrace today to ensure they address near-term demands while preparing their organizations for long-term success.

JIMMY CHOU, CEO

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The COVID-19 crisis has shaken the world, and while admirable and concerted efforts are being made across the globe to minimize the threat and bring aid to those already impacted, we are still in the early stages of understanding the full impact.

Containment requires that we shut down large parts of our consumer-driven economy for an indeterminate amount of time. While this is mandatory from a health and safety standpoint, we must expect that economic ripple effects will cause urgent solvency issues across many industries—energy, travel, hospitality, and more. At the same time, credit markets will seize and cause a liquidity crisis for the very businesses that need liquidity the most.

Our modern economy has never experienced anything like this, and while it's impossible to know for certain what the long-term impact will be, initial predictions are dire. [Morgan Stanley](#) predicts that GDP will fall 30% year-over-year in the second quarter, and unemployment will rise to 12.8%, as compared to 3.5% in February.

What is clear is that we are entering a period of far-reaching change. So, while we can take heart that containment will come (the [Milken Institute](#) has a list of over 100 different treatments and vaccines that are already in process or being tested), we must nonetheless take action now to position ourselves not just to survive, but to thrive in this new normal.

Five Near-Term Steps To Ensure Long-Term Success

The pressures of this crisis demand urgent and immediate action, but shortsighted maneuvers that fail to bridge the gap between what's needed now and what's required for sustainable long-term stability will ultimately backfire. What's needed is a combination of strategy and mindset—a tactical set of actions motivated by a clear-eyed sense of our obligations and opportunities.

On the tactical side, we recommend five steps that organizations can begin implementing today:

1. See the full view - dig into your workforce and optimize your delivery systems.
2. Create and deploy positive digital experiences for customers, suppliers, and employees.
3. Achieve continuous delivery to enable responsiveness and scale quality.
4. Leverage data infrastructure for timely, informed decisions.
5. Rethink cybersecurity and privacy for the long-term.

I'll describe each of these steps below, but first I'd like to briefly discuss mindset, as this is a critical time to reimagine the role business leaders can play in both the crisis and its recovery, and the above steps take on additional resonance when understood in the context of a newfound vision for the future.

Banks and Insurers Can Lead the Way

The Federal Reserve and the U.S. government are taking dramatic action to try and bring liquidity and stability to markets that lost \$23 trillion in global market value in a few short weeks. The President recently signed a record \$2 trillion stimulus deal. This represents a major step forward towards recovery. However, stimulus alone is not enough. Tight public-private coordination is also necessary.

There is real opportunity for banks and insurers to take a key role in leading the way forward. Whereas financial institutions were largely seen as the cause of the Great Recession in the late 2000s, banks and insurers today are in a position to be systemic stabilizers for their customers, employees, and the broader economy.

For a lesson from history, we can turn to Paul Collier's [The Future of Capitalism](#), in which the author reminds us that the early banks and insurance companies were based on a principle of reciprocal obligation, where the success of the businesses was tightly connected to the success of the communities they served. In other words, these institutions served a purpose for social good and economic profit.

Banks and insurers can recapture this role today. Cash and deposit services, credit guarantees and extensions, payment facilitation, honoring claims that may or may not be explicitly covered in a policy—these are all essential services for social good. Most importantly, they are beneficial to all—businesses and customers alike.

Acting Now, Investing in the Future

As we begin to look further down the road, we need to consider the actions leaders will need to take for the longer term. How can leaders manage the crisis today, while also continuing to build for the future? While this is not an unfamiliar polarity, the current context within which we must address it is unique.

The five steps I outlined above can be grouped under two categories: acting now, and investing in the future. The first step I'll discuss below comes under the umbrella of the first and the remaining four steps relate to the second.

Act Now

The pressure to react in real time to the quickly evolving nature of COVID-19 is intense, but protecting employee health, coordinating and surging resources, and creating actionable scenarios requires the ability

to fully see the field. Ensuring safety and solving worker shortages requires transparency and near-time responsiveness. These challenges are very real when most workforces are distributed and under attack. Now more than ever, seeing the full field of a workforce is hypercritical to ensuring value continues to flow.

The truth is, the pandemic is wreaking havoc across value chains, and supply chains are succumbing to the impact of the virus as critical skills are being stretched. However, knowing the impact on resources within delivery systems creates a pivot point for action.

STEP 1

See the full view - dig into your workforce and optimize your delivery systems.

In times like these, the old adage that people are your greatest asset takes on even more resonance. People are not just your greatest asset; they are the ultimate currency. Constantly changing and flowing your currency to the most urgent and strategic areas starts with having a comprehensive view of your workforce. (Figure 1)

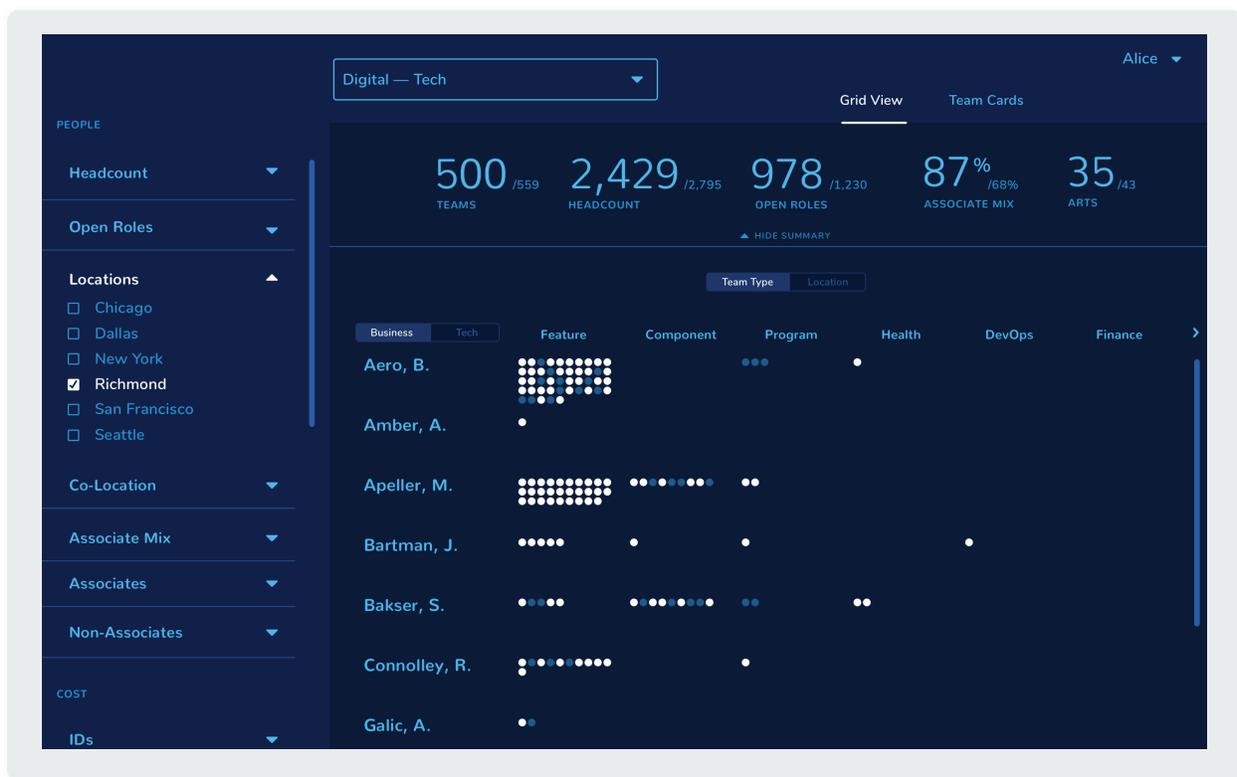


Figure 1a

From there, you can begin to confidently answer essential questions such as:

- Where are your people located?
- Which teams have the greatest risk?
- What are all the teams working on?
- What teams are essential?
- Where do you have redundancies?
- Which teams have vacancies right now?
- Which teams are reliant on contractors?
- Where can skills be consolidated?

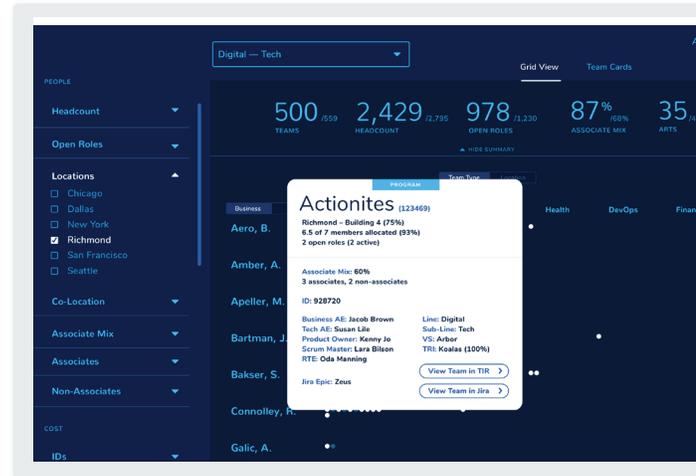


Figure 1b

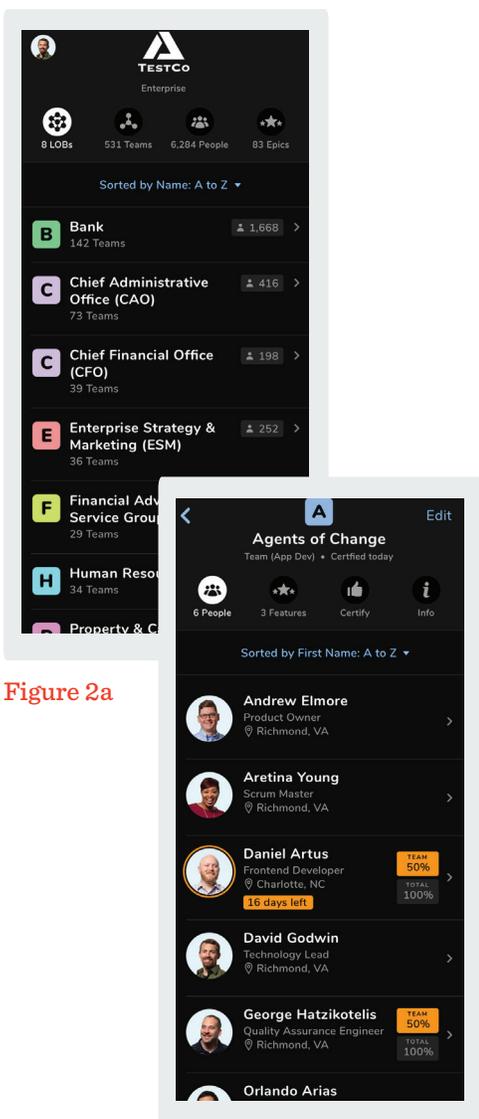


Figure 2a

To begin with, this is not a recommendation to reduce your workforce. While this is a common practice, we proceed here on the assumption that you've already made reductions where they were possible. Our focus here is on the need to examine your current workforce and its alignment to your critical value chains. The real question is: Are you optimized for the tasks today and prepared to be competitive in the aftermath of COVID-19? To answer that question we have built and deployed specific tools to help visualize people and work so our clients can see immediately and in the palm of their hands where their resources are without digging through spreadsheets.

Figure 2b

This is also an opportunity to deepen your relationships with your top suppliers. Work with supply chain management to identify key contracting partners and negotiate lower cost longer-term contracts. This is beneficial for both parties. It will keep them strategically invested in you while freeing you up to drive costs out even as you maintain flexibility in your workforce.

As an example, a leading bank client recently shared that they are actively tapping into their top vendor relationships to increase capacity to manage business-as-usual processes and projects while simultaneously applying their experienced staff to critical-need customer support areas. They are proactively engaging with small business owners that have been forced to close, responding to customer claims, reconfiguring branches to accommodate less density and more digital capabilities, and more.

Now is the time to position your workforce to respond. It is a time to get lean, to weather the storm, and to create optionality. Success means aligning your investments to leapfrog the competition on the other side of COVID-19.

Invest in the Future

The conventional approach in a time of financial distress is to do a top-down portfolio review and begin to cut. However, these are not conventional times. While you still need to do a portfolio review and cut those investments that are not producing adequate value, more targeted investments in solutions that increase the engagement with your employees and your customers should be preeminent. Crisis scenarios shine a bright light on an organizations' channel capabilities and business agility, and many are now juggling the need to meet both the velocity and fluidity of responses demanded by their customers and employees alike.

There are certain investment areas leaders must focus on to build the capabilities and infrastructure necessary to scale velocity and responsiveness. For one of our larger Financial clients we created a portfolio view of investments through the lens of the workforce team and the skills that team possessed. It changed how the client prioritized and invested its employee and third party labor. Knowing those areas and knowing that you have the workforce's top skills pointed at the problem is the difference between leading through the crises and reacting to the crises.

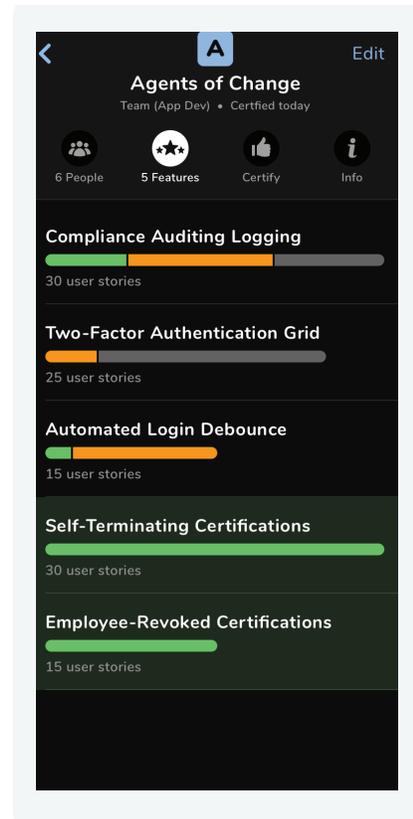


Figure 3

STEP 2

Create and deploy positive digital experiences for customers, suppliers, and employees.

All banks and insurance companies are already experiencing higher-than-normal call volumes. These volumes are going to continue to rise for the foreseeable future, with massive waves of inbound and outbound calls full of questions, claims, delinquencies, and more, to be expected. Financial institutions must be on the front lines in every channel proactively embracing customer needs, educating on options, and promoting psychological safety.

As these strategies are being undertaken, learnings from past crises can positively inform current actions. For example, shortly after the Great

Recession, a financial services client invested in building out digital mobile payment capabilities for delinquent borrowers. What they found was that customer engagement and collections through their mobile app dramatically increased. What was surprising was that delinquent customers were more likely to engage because they found it to be a more dignified human experience than enduring the constant calls from other lenders.

Recently, one of our clients shared with us that they were doubling down on flowing investments into automated and user-friendly alerts for suppliers in their value chain. This same team is also automating communications to vendors when retail establishments are directly impacted by the virus. Technology is serving a human purpose in both of these examples, and these efforts are made possible because the organization has prioritized its digital infrastructure.

Digital itself is not new, but it should be a hyper-urgent priority in the context of COVID-19. As you review your investment portfolio, be sure not to cut investments in digital solutions. If anything, now is the time to expand them. Making digital a priority will not only reduce operational expenses, but it will connect you to your customers and employees in long-lasting and market-leading ways.

STEP 3

Achieve continuous delivery to enable responsiveness and scale quality.

In order to keep up with the incredible rate of change caused by the global pandemic, banks and insurers need to double down on their delivery infrastructure. Demand from customers and businesses in this regard was already an observable trend, but while continuous delivery and DevOps are not novel concepts, they are an absolute necessity now if you want to adapt

to the changing needs of the market and business. Done right, automated pipelines enable speed and agility from code commits to customer usage, while also ensuring compliance with an organization's quality standards. These are already standard approaches for tech companies, but banks and insurance companies typically lack widespread adoption of these concepts.

One of our clients is already accelerating their creation of enterprise pipelines based on inter-sourced components that form a bedrock of code agility from development to production. Teams can create standard, approved pipeline stages that meet all the enterprise requirements for production deployments. Teams can even choose to manage their own pipeline or have it managed for them. Reducing deployment friction enables speed as well as the business agility required to pivot in a crisis.

Having a singular delivery pipeline will substantially reduce developer effort and time-to-market for new and enhanced digital experiences (both internal and external), while increasing product quality.

STEP 4

Leverage data infrastructure for timely, informed decisions.

At the core of every business scenario—and every associated next action in your response plan—is a need for accurate and timely data. As with much of what is highlighted above, the need to make data-driven business decisions is not new, and all banks and insurance companies have existing data initiatives. However, new priorities are emerging in the wake of our current crisis.

In the context of COVID-19, it is immediately clear the data that is most critical to your business today—customer data, workforce data, and financial data. Most organizations have a strong handle on the financial data, but

connecting this data (or, perhaps more accurately, the drivers of financial results) to the ever-evolving customer and workforce data, is the work that needs to be done if you are going to make fact-based decisions.

We find that the biggest challenge area out of the three data groups (customer, workforce, financial) is workforce data. Answering those workforce questions we listed above is typically a manual spreadsheet exercise in even the biggest organizations, and this is clearly not scalable when demand for updated data to match external scenarios happens in nearly real time. HR organizations are typically underserved from a technology perspective. This is a changing trend as the value of people data as currency is more widely accepted. COVID-19 is the strong nudge necessary to drive greater HR tech enablement.

It is not realistic to expect full-scale data transformation in the midst of a crisis, but COVID-19 nonetheless exacerbates the need for financial institutions to have a bias for action when it comes to understanding the data you need and building out the processes to go from raw data to integrated and enterprise views for actionable insights. The stakes are higher and more acute now.

STEP 5

Rethink cybersecurity and privacy for the long-term.

The cybersecurity and privacy strategies of the average financial sector company have depended heavily over the years on a policy of walled-off segregation and controlled limited access. Key business systems are often deeply buried behind multiple layers of firewalls and other networking technologies whose sole purpose is preventing access by external traffic.

Virtual Private Networks (VPNs) have been the go-to method for allowing remote users to access corporate systems. However, these dedicated infrastructure pieces are often sized and purchased to meet the needs of a lesser percentage of the workforce simultaneously connecting—usually only key staff during disaster recovery or business continuity scenarios. The sudden surge of traffic necessary to support entire distributed workforces is - and will continue to be - a significant challenge for today, tomorrow, and the foreseeable future.

Looking forward, this is a perfect opportunity to assess legacy applications and projects in development, and determine whether they meet the new security and privacy requirements of remote access. Rather than forcing initial authentication, encryption, and authorization into specific chokepoints (the VPN servers), it may be time to move some of these functions into core business applications to allow more controlled remote access directly from the internet rather than via legacy VPN technologies. Additionally, this is the time to enforce security policy for applications, user endpoints, and devices, rather than at brittle network boundaries.

The industry calls this concept “Zero Trust” networking, and now is the time to begin investigating its suitability for your purposes.

Conclusion

These are worrisome and disruptive times. The COVID-19 pandemic has pushed us to the brink of a recession, and a full-scale global depression is still a real possibility. Banks and insurance companies have a critical role to play in our recovery. This is an opportunity to fulfill the dual purpose of social good and economic profit. Financial institutions can be systemic

stabilizers for customers, employees, and the broader economy. Financial services leaders who put their customers and employees first will emerge as the standard-bearers through the recovery, and beyond. These leaders will be the ones who respond to the current series of crises with both near and long-term strategies and who execute on their understanding that staying ahead of uncertainty means deepening investments in those key areas that enable the responsive organization of the future.

How are you future-proofing your organization?

We are monitoring the market and providing guidance through our [Market Insight](#) page. Additionally, we're reviewing new programs like the [CARES Act: EIDL & PPP](#). Stay tuned and let us know what questions arise. You have an opportunity to make strategic shifts within your business that will put you ahead. We can help. [Contact us](#).

*These images are examples from our Team Insights application. If you cannot answer questions like: How many teams do you have? Where are they located? What skills are we lacking? You're not only missing revenue, but you're missing insights that fuel innovation. [Let's talk](#).

About the author: Jimmy Chou

As SingleStone's CEO, Jimmy has over 20 years of financial services and insurance industry experience. His inspiring vision for solving the problems of today while focusing on the opportunities of tomorrow, helps transform our clients' businesses. He loves solving big problems with our clients and our teams.

Contributors

[Ryan Shriver, CTO](#)

[Vida Williams, Advanced Analytics Solution Lead](#)

[Don Mills, Chief Security Architect](#)

[Prescott Nichols, Head of Business Development/Product](#)